



Human Resource Services
FOR PUBLIC AGENCIES

Training Seminars

RECRUITMENT, TRAINING AND WORKFORCE PLANNING

Consulting Services

A YEAR OF GROWTH AND EXPANSION

Test Services

CLASSIFICATION AND PAY STUDIES

STRATEGIC PLANNING

Feasibility Studies

Annual Report 2002

Experienced Services

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Across the Country

This has been an exciting year of growth for CPS. We have accomplished much to achieve even greater success for our clients.

Human Resources is an ever-changing field. New laws, regulations and rules are constantly updated and revised to reflect today's work environment. A generational change is occurring in the work force as the baby boomers begin to retire. The use of technology is increasingly becoming an integral part of everyday HR operations.

At CPS it has been and continues to be our job to keep pace with these and other changes so that you, our clients, can utilize us as your HR resource and business partner.

Each year we continue to raise the bar to better serve you. This past year was no different. The biggest change came with the addition of two new members to our Board of Directors. With the addition of the City of Las Vegas and the State of Wisconsin, we now have nine distinguished board members fully representing the public sector and HR field. Clearly, having these new board members join our organization gives us increased knowledge in serving the needs of our public sector clients.

We also recognized a need to be closer to our Midwest and East Coast clients. As a result, we opened our first regional office in Wisconsin. Bob Lavigna, who heads up the office, is charged with building stronger relationships with our large client base in the east.

The quality of CPS' staff forms the basis of our ability to provide exceptional service. Consequently, we have added several talented team members this year who you will read about later in this report. Suffice to say, they come to us with extensive backgrounds in the public sector and vast HR knowledge. They are a resource for you, our clients, who share the underlying goals of improving HR in the public sector.

Through our testing and exam products and our consulting and HR services, we have helped public agencies find solutions for their human resource needs for almost 70 years. We invite you to turn the page and read more about our exciting year.

Thank you for your trust and partnership over the years. We are committed to your success.

Sincerely,



DAVID HILL
Chair of the Board and
HR Director for the City of Anaheim



PAMELA STEWART
Executive Director
CPS - Human Resource Services



ED COLE
Deputy Executive Director and CFO
CPS - Human Resource Services



Government Consulting

In today's tough business climate, public agencies have to be on their toes. Finding and retaining top employees are key issues. CPS offers a range of services, including executive searches, management performance assessments, business process reviews, strategic planning, career development, occupational and job analysis surveys, class-and-pay studies and personnel management. CPS fields a professional team of consultants with public agency backgrounds who provide expert, creative solutions and quick problem resolution to clients across the country.

In 2001, CPS continued to expand its work with the courts, performing recruitments, management consulting and strategic planning for the Napa County Superior Court. CPS also performed executive searches for state and local governments and public organizations, including the California Contractors State Licensing Board, Schenectady County, NY and the Wisconsin Technical College System.

POWERING UP WITH PUBLIC UTILITIES

Utilities were able to expand their staffs without having to hire and train employees by using the CPS "rent-an-analyst" service. Last year, we provided more than 4,000 hours of "rent-an-analyst" assistance to public utilities including West & Central Basin Municipal Water District, Sacramento Municipal Utility District, Truckee/Carson Irrigation District and Northern California Power Agency. CPS provided utilities with an on-site expansion of staff to expedite projects in progress and perform technical-level to management-level work without compromising the schedules of existing utility HR staff.

CPS also performed executive recruitment, classification and compensation studies and policy review and development for a broad geographic range of utilities. Clients included the Association of California Water Agencies, Georgetown Divide Public Utility District, Bay Area Air Quality Management District, El Dorado Irrigation District and Western Area Power Administration.

Whether it's finding the right candidates or providing the knowledge and skills necessary to complete the project, CPS is committed to meeting and exceeding client expectations.

PLANNING FOR THE FUTURE

To meet the challenge for the next generation of workers, CPS has become a major player in workforce planning. We work with clients by identifying future skills and competency needs, where and when these skills will be needed and where future employees are likely to be obtained. This process helps create a comprehensive plan that supports the organization's vision and fulfills its strategic needs.

This past year, CPS provided workforce planning services for the Departments of Transportation in the states of Minnesota and Georgia. The State of Georgia also selected CPS as a qualified vendor to supply workforce planning services to all its state agencies.



**POWERING
PLANNING
INVESTING**



In response to the growing need for strategic workforce planning at all levels of government, CPS, in conjunction with the International Personnel Management Association, began developing a workforce planning guide for public agencies. The guide will be available in 2002.

In keeping with its mission of improving human resources in the public sector, CPS also began helping the County of Arlington, VA, develop an “employer of choice” study to identify ways the county can attract and retain high-quality employees.



INVESTING IN YOUR WORKFORCE, ENSURING A QUALITY WORK LIFE

To keep abreast of changing laws and requirements in the workplace, CPS began offering training seminars, including sexual harassment

prevention, EEO and retaliation prevention, workplace violence prevention and training on the Americans with Disabilities Act and the Family Medical Leave Act. HR professionals are realizing the need to be proactive on these important matters that affect employees, and CPS is at the forefront of providing these services for its clients.

SPOTLIGHT ON DAVID CAFFREY

David Caffrey joined CPS in 2001 as Client Services Manager for State Government Services. Mr. Caffrey brings to CPS a wealth of experience in state government. Prior to joining CPS, he served eight years as Chairperson of the California Public Employee Relations Board. He also served in the Governor’s Office as Cabinet Secretary to California Governor George Deukmejian and Deputy Chief of Staff to Governor Pete Wilson. Mr. Caffrey was also Chief Administrative Officer of the California Department of Justice where he managed the department’s human relations, fiscal and legal support functions. “Coming from state government, I understand the program and policy issues that affect state agencies,” he says.

SPOTLIGHT ON ROBERT J. LAVIGNA

As Senior Manager of Client Services for the new regional office in Madison, WI, Robert Lavigna develops business and handles the human resources and general management needs for CPS clients in the Midwestern, Eastern and Southern United States.

Mr. Lavigna served as the Administrator of the Division of Merit Recruitment and Selection for the State of Wisconsin Department of Employment Relations. During his tenure, his department implemented changes to the state’s merit system that received national recognition for improving service and responsiveness. In 2000, *Governing* magazine named him “Public Official of the Year”. “The new office expands the scope of CPS’ services nationwide and dramatically enhances our ability to help public and non-profit agencies improve their HR operations,” he says.

S T I N G . . .

LOOKING AHEAD TO THE FUTURE

Merit System Services

Through its longstanding contract with the California State Personnel Board, CPS' Merit System Services (MSS) division oversees and directly administers personnel programs for local welfare, child support and emergency services programs. By helping local agencies attract and retain top-notch social workers, MSS is making a difference in the lives of children at risk.

AN OPERATIONAL PERSONNEL DEPARTMENT

In 1999, the State of California restructured its child support program. Under the new law, counties must create a new child support department, which was previously handled by local district attorneys' offices.

To make the transition possible, Merit System Services is serving as the human resource department for 30 California counties. Once the transition has been completed, MSS will oversee and administer child support personnel programs for those counties, providing examination services, position classification, appointment certification and consulting.

RECRUITING SOCIAL WORKERS

California is experiencing a statewide shortage of social workers, especially in the smaller counties. Recently, CPS asked for and received a substantial grant from the State of California to develop a marketing and career development campaign to recruit social workers.

MSS is working closely with the counties to find effective ways to recruit and retain social workers. One way MSS is achieving this goal is by bringing county representatives together to evaluate best practices to achieve these ends.

ONLINE APPLICATION

MSS is in the final phase of developing an Internet portal that will provide social workers and other candidates the ability to apply for jobs online for 30 counties throughout California.

The bottom line: CPS, together with its clients, is identifying innovative solutions to improve recruitment methods, to streamline the application process and to reduce costs.

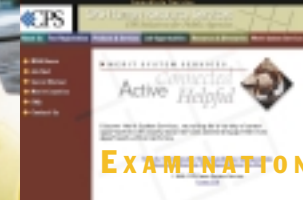
POSITION CLASSIFICATION



CHILD SUPPORT PERSONNEL MANAGEMENT



APPOINTMENT
CERTIFICATION



C O N S U L T I N G

INNOVATIVE SOLUTIONS

TO IMPROVE HUMAN
RESOURCES IN THE PUBLIC SECTOR

Test Development & Rental

CPS is known throughout the United States and Canada as a premier source for test products and assessment services. Annually, the test rental division helps assess more than 100,000 candidates in fire services, law enforcement, professional and paraprofessional classes, skilled trades and others.

As the largest CPS division, the test development and rental team improved its test services catalog and developed Internet testing and ordering capabilities.

ONLINE ORDERING AND TESTING

With online ordering capabilities, CPS has made ordering tests faster and easier than ever before. Now clients have immediate access to their order history and are able to review and obtain test scores online.

Online testing was on target with the demands of the public sector. Monterey County and El Dorado County in Northern California turned to CPS to offer proctored tests via computer for eligibility and clerical workers. The benefit? Both the candidates and the client get immediate access to test scores, streamlining the hiring process.

CPS was recognized as a leader in online testing when the International Personnel Management Association Assessment Council (IPMAAC) and Personnel Testing Council (PTC) invited CPS to present at their annual conferences.

HR SEMINARS

CPS expanded its seminar series, offering seminars on test security and administration, job analysis, test and item analysis and item writing. Taught by professionals with extensive experience in selection assessment, the quarterly

seminars are among CPS' most popular offerings. With this training, public agencies can provide high quality training to their HR employees without incurring the cost of hiring additional training staff.

STRATEGIC PARTNERSHIPS

At CPS, we believe strategic alliances with national experts add value to what we offer our clients.

In partnership with ePredix and Ergometrics, CPS expanded its test offerings to include video and personality/biodata assessments. Now clients have access to a bigger portfolio of tools to help them select the right person for the job.

CANADIAN ALLIANCE

In 2001, CPS teamed up with testing firm Gledhill-Shaw of Ontario, Canada, to offer a test for entry-level firefighter and emergency services candidates. Gledhill-Shaw combined the CPS test with its Motivational Readiness Assessment to create an unbeatable combination that helps clients make better recruitment decisions. "It allowed us to offer our clients a valuable additional piece of information on potential recruits," says Jim Shaw, president of Gledhill-Shaw. "Our clients are now more confident and better equipped when they make their selection decisions."

Mr. Shaw praises CPS. "We're very impressed with the service CPS offers," he says. "Everyone at CPS has been extremely helpful."



**EFFICIENT,
EFFECTIVE,
COMPREHENSIVE
TEST SERVICES FOR
PUBLIC AGENCIES**



EL PASO, TEXAS

In 2001, CPS created assessment centers for the City of El Paso, Texas, which was looking to hire directors of communications, personnel, information technology and the city zoo. City officials were so impressed with the work CPS performed that they asked CPS to handle the recruitment process as well.

“We have a very strong relationship with the City,” says Matt Gruver, Principal Consultant with CPS. “They needed to fill very important, high-profile positions and looked to us because of our expertise and experience.”

The City of El Paso has already retained the services of CPS to perform executive recruitment services in 2002.

TUCSON, ARIZONA

The City of Tucson hired CPS to perform a job analysis and create a selection process for entry-level firefighters.

CPS consultants visited fire stations, went on ride-alongs, and conducted panel interviews with firefighters and captains. CPS used the information gathered from the site visits and interviews to develop a customized job analysis questionnaire that was administered to Tucson firefighters and captains. Based on an analysis of the questionnaire responses and additional panel meetings, CPS created a brand new selection process for new hires. CPS also conducted a transportability study to validate the use of the Candidate Physical Ability Test (CPAT).



Assistant Fire Chief Alan Moritz appreciated CPS’ sensitivity in scheduling the interviews around the firefighters’ tough work schedules. “CPS was very accommodating,” he says. “They did the survey with minimal impact on the firefighters.”

Because of the attention to detail and job performance, the City of Tucson asked CPS to perform two additional job analyses in 2002.

SPOTLIGHT ON BRIAN J. GEGAN

In 2001, Brian J. Gegan joined CPS as Chief Information Officer, overseeing the Information Services Division. Mr. Gegan’s responsibilities include developing, implementing and managing CPS’ Web-based technologies.

Before coming to CPS, Mr. Gegan was a managing director with KPMG Consulting Inc.’s Public Services Practice where he consulted with public sector clients including the federal government and the State of California. “As we strengthen our technology-based services, our clients will increasingly look to CPS to provide solutions to their most pressing challenges,” he says. “We are ready to grow to the next level to offer the most sophisticated and effective services within our market.”

THE CITY UNIVERSITY OF NEW YORK

Last year, The City University of New York (CUNY) turned to CPS for help in assessing more than 1,500 candidates for clerical and other positions.

CPS provided the university with semi-custom exams for civil service positions, including carpenter, auto mechanic and office assistant. Mark Smolensky, CUNY’s civil service exam coordinator, was impressed with CPS’ responsiveness. “It was a great experience,” he says, citing the quick turnaround time. “Anybody can provide a test,” Mr. Smolensky says. “CPS went to great lengths to meet our specific needs.”



FAST
FLEXIBLE,
CREATIVE
RELIABLE, TEST SERVICES
PROFESSIONAL

Test Administration

Public agencies often do not have the time or expertise to administer their own tests. That is why they turn to CPS for help. CPS provides both large-scale and individual testing to a range of public sector clients across the nation. CPS' track record speaks for itself.

FEDERAL COURT INTERPRETER EXAM

In 2001, CPS entered into a partnership with the National Center for State Courts and Second Language Testing, Inc. to help develop and administer the Federal Court Interpreter Certification Exam for Spanish nationwide.

In selecting CPS, the NCSC cited its "high-level expertise with test administration."

CPS handled all test-administration aspects of the project, including processing applications and fees, setting up test sites, organizing proctors and printing materials.

Moving into the world of e-commerce, CPS provided all application information and practice exams online. And for the first time, CPS offered candidates a practice oral examination online.

Under the contract, CPS also scored the exams, provided preliminary statistical reports and analysis and notified candidates of their test results.

ONLINE REGISTRATION

Investing heavily in online test registration, CPS developed a fully interactive, state-of-the-art Internet registration system for the notary test.

Notary candidates can now go online and choose a test site in real time. If a test site is full, the system will tell the candidate to choose another site. Once registered, the candidate will receive confirmation immediately. After taking the test, the candidate can go online for the results.

LOUISIANA

CPS administered and scored the Sergeant, the Lieutenant and the Captain promotional exams for the Louisiana State Police Commission. The tests were administered in four cities: New Orleans, Baton Rouge, Bossier City and Alexandria. CPS will be administering these exams again in 2002.

SPOTLIGHT ON GILBERT L. JOHNSON

In 2001, Gilbert "Gib" Johnson was named Senior Manager for Test Administration, an arm of CPS' Examination Services Division. His duties are threefold: to develop new business, to continue to develop automated IT solutions and products and to maintain existing quality and customer satisfaction. Mr. Johnson joined CPS last year as Senior Manager of Local Government Services and Chief Information Officer. He brought with him a wealth of experience in state and local government. Before coming to CPS, he worked in a variety of positions with the State of New Jersey, including Director of Selection Services. He was also CIO and Director of the Division of Planning and Development for the Department of Personnel. "I bring to the table practical, creative and strategic experience that helps CPS provide quality products and services to our public sector HR community," he says.

New CPS Board Members

The Board of Directors is an integral part of the CPS mission to improve efficiency, provide cost-effective services and advance quality personnel practices for clients. This year CPS took extraordinary steps to increase the size of its Board of Directors by adding the City of Las Vegas and the State of Wisconsin Department of Employment Relations to its distinguished list of member agencies, bringing extensive new HR experience and knowledge.

With nine board members representing a diverse group of public agencies, CPS continues to expand its capabilities and provide practically every element of HR services.

SPOTLIGHT ON NEW BOARD MEMBERS



CLAUDETTE ENUS, Director of Human Resources, City of Las Vegas. Ms. Enus is the Director of Human Resources for the City of Las Vegas and serves on the Nevada State Personnel Commission. She has also served as HR Manager of the City of Las Vegas Housing Authority and as Commissioner to the Local Government Employee Management Relations Board. From 1994-95, she was Secretary of Labor for the Federal Committee on Apprenticeship. Ms. Enus has also worked in the private sector as Labor Relations Manager for Reynolds Electrical and Engineering Company.



RICHARD IDE, Director of Classified Personnel, Hayward Unified School District. As Director of Classified Personnel for the Hayward Unified School District, Mr. Ide supervises a full range of HR activities, including compensation, classification, labor relations, staff development, discipline

and negotiations. He also serves as primary consultant to the Board of Trustees and Personnel Commission on all classified matters. From 1969 to 1978, Mr. Ide worked for Los Angeles County's Personnel and Sheriffs' Departments. He is a past president and honorary life member of the Southern California Personnel Management Association.



PETER FOX, Secretary, Wisconsin Department of Employment Relations. Mr. Fox has served as Secretary of the Wisconsin Department of Employment Relations since 1999. He co-chairs "Working Together," a nationally recognized labor-management cooperation program that received the most

prestigious honor from the National Association of State Personnel Executives. Mr. Fox joined state government in 1994 as Director of Public Information for the University of Wisconsin System Administration. Before that, he was a reporter, city editor and editor-in-chief of newspapers in Madison and Racine, Wisconsin.



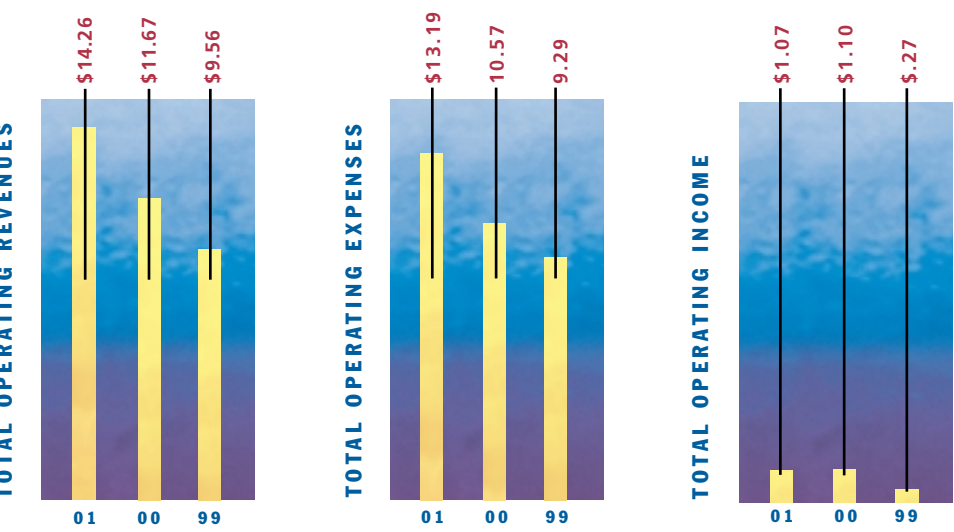
BUILDING CREDENTIALS

A S W E B U I L D
R E L A T I O N S H I P S

A Year of Financial Growth

In fiscal year 2001, CPS experienced a 23% growth in revenues over the previous year. “CPS’ revenue is a key indicator in measuring our capabilities to provide products and services that help clients achieve their organization’s mission,” says Ed Cole, Deputy Executive Director and CFO. While maintaining competitive pricing, increasing its product offerings and staying current on changes in human resources laws and regulations, CPS will continue to build on its financial success and carry out its mission of improving public sector human resources.

FINANCIAL HIGHLIGHTS (in millions)



	2001	2000	1999
Retained Earnings-Beginning of Year	5,962,783	4,660,360	4,253,654
Retained Earnings-End of Year	7,506,706	5,962,783	4,660,360
Total Assets	10,325,919	8,847,811	6,738,235
Total Liabilities	2,819,213	2,659,987	1,818,357
Total Equity	7,506,706	6,187,824	4,919,878

Making a Difference

At CPS, giving back to the community is a value we all share and cherish. “Our employees are a very giving group of people,” says Client Services Manager Jerry Greenwell. “Our philosophy is to provide the time and the funding for employees to serve and support the community.”

Through individual donations and corporate giving, CPS is committed to making a difference in the greater Sacramento area.

To support United Way’s mission in building stronger, healthier, more compassionate communities, CPS partners with United Way to help those in need. Through direct charitable giving, fund-raising events and volunteering, CPS employees are committed to making their community a better place to live and work.

Last year, United Way honored CPS with its Platinum Award for “outstanding leadership and dedication.”

Another local nonprofit organization CPS works with is Crossroads Diversified, Inc., an organization that provides employment opportunities for the disadvantaged and mentally disabled. Through one of Crossroads’ programs, CPS employs individuals who are overcoming barriers to work.

“CPS employees are very passionate about helping others,” said Pam Stewart, CPS Executive Director and United Way volunteer board member. “From collecting gifts for disadvantaged teenagers and donating food for the hungry to helping homeless families and serving on nonprofit boards, our employees give straight from the heart.”



CROSSROADS
Diversified Services, Inc.

CPS BOARD OF DIRECTORS

DAVID HILL, Director of Human Resources, City of Anaheim and Chair of the Board

MIKE DEBORD, Human Resources Agency Administrator, County of Sacramento

CLAUDETTE ENUS, Director of Human Resources, City of Las Vegas

PETER FOX, Secretary, State of Wisconsin Department of Employment Relations

ANDREA GOURDINE, Director of Human Resources, City-County of San Francisco

RICHARD IDE, Director of Classified Personnel, Hayward Unified School District

GWEN MCDONALD, Director of Human Resources, East Bay Municipal Utility District

*RAY MYERS, Director of Personnel and Employee Relations, County of Sonoma

WALTER VAUGHN, Executive Officer, California State Personnel Board

*Upon his retirement as Director of Personnel and Employee Relations for Sonoma County in March of 2001, Richard Gearhart was replaced by Ray Myers on the board. Mr. Gearhart served as Board Chairman for several years. We wish him all the best in his retirement.

CPS MANAGEMENT TEAM

PAMELA STEWART, Executive Director

ED COLE, Deputy Executive Director & CFO

DAVE CAFFREY, Senior Manager, State Government Services

BRUCE DAVIS, Senior Manager, Test Development & Test Rental

BRIAN GEGAN, Chief Information Officer

MERTIANNA GEORGIA, Senior Manager, Local Government Services

FILI GONZALES, Senior Manager, Business & Finance

JERRY GREENWELL, Client Services Manager, Examination Services Division

SUSAN HELLAND, Client Services Manager, Local Government Services

GIB JOHNSON, Senior Manager, Test Administration

BOB LAVIGNA, Client Services Manager, Regional Office

DAVID TIRAPELLE, Client Services Manager, State Government Services



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CALIFORNIA STATE PERSONNEL BOARD

CITY OF ANAHEIM

CITY OF LAS VEGAS

CITY-COUNTY OF SAN FRANCISCO

COUNTY OF SACRAMENTO

COUNTY OF SONOMA

EAST BAY MUNICIPAL UTILITY DISTRICT

HAYWARD UNIFIED SCHOOL DISTRICT

STATE OF WISCONSIN DEPARTMENT
OF EMPLOYMENT RELATIONS